

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

See a sample reprint in PDF format.

Order a reprint of this article now

**THE WALL STREET JOURNAL.**  
WSJ.com

OPINION | March 20, 2013, 7:05 p.m. ET

# James Bovard: Rotten Tomatoes for a Billion-Dollar Farm Payout

*Calling all women and Hispanics who once thought about applying for a loan.*

By JAMES BOVARD

Are you a woman or a Hispanic who planted a backyard garden between 1981 and 2000? Did you ever dream of asking for a loan for help growing more? If so, you might be a victim of discrimination and entitled to a \$50,000 payout from the U.S. Department of Agriculture. But hurry—the deadline for submitting your claim is March 25.

The USDA announced in September that it would award a total of at least \$1.3 billion to women and Hispanics who were not offered subsidized farm loans that they applied for, or said later they would have *liked* to apply for, from 1981 to 2000. Agriculture Secretary Tom Vilsack, saying that his agency was following the "path to justice," invited "women and Hispanic farmers and ranchers who allege past discrimination" to come forward "to receive compensation."



Associated Press

The bonanza was spurred by the Obama administration's apparent discovery of a constitutional right for every citizen to squander tax dollars while farming. Since most farm loans previously went to white males, Uncle Sam is atoning by giving awards of \$50,000 apiece to claimants from other ethnic groups or the non-male gender.

But the Arent Fox law firm in Washington, D.C., and other advocates for female farmers took exception to the USDA's requirement that claimants submit solid evidence that they actually farmed or sought subsidized loans during the late 20th century.

The current standard for women and Hispanics is more rigorous than the one used during the rounds of settlements—the last one ended in 2010—to award billions of dollars to blacks who claimed to be victims of USDA discrimination between 1981 and 1996. In those cases, black claimants' simple assertion that they had attempted to farm or had applied unsuccessfully for a farm loan was sometimes sufficient to collect a large

payout. In December, the Government Accountability Office noted that most of the black applicants' claims had been "evaluated based solely on the information submitted by the claimants and, as a result, the adjudicator of these claims has no way of independently verifying that information."

Advocates for female farmers are also unhappy because the USDA is not providing free lawyers to help claimants collect a payout (as it did for black claimants). A report last October for Arent Fox by sociologist Eugene Ericksen also complained that the claims form was "excessively burdensome" because it requested women to specify the "exact year(s)" they applied for subsidized loans and to "describe your farming operation or your effort to farm" and "your prior farm experience(s), training or education."

Such questions may have been spurred by the profusion of shaky claims under prior settlements. More than 90,000 African Americans filed claims before the deadline in 2012, asserting that they were wrongly denied farm loans or other USDA benefits in the 1980s and 1990s. The Census Bureau later estimated that there were at most 33,000 black-operated farms nationwide in those years. Even that number probably is inflated because anyone who sells more than \$1,000 in agricultural commodities—the equivalent of 150 bushels of wheat, or one horse—is categorized as if he were a bona fide farmer.

Women's groups have been pressuring the administration to lower its standards for years. Twenty organizations, including the American Association of University Women, MomsRising and the National Women's Law Center co-signed a letter to President Obama in 2011 complaining that the higher evidence standard proposed in the current settlement offer "perpetuates the United States government's pattern of treating women and Hispanic farmers in a discriminatory fashion." Political pressure may sway the Obama administration to downgrade the evidence requirement for women and Hispanic claimants to the "attempted to farm—trust me!" standard used earlier.

Instead of suing the USDA, many frustrated loan applicants should have gotten down on their knees and thanked heaven. Uncle Sam has a long history of giving farm loans to people with no apparent farming competence. The Government Accountability Office has estimated that a quarter of bankruptcies among USDA's farm borrowers in the 1980s occurred because farmers received too many subsidized loans. Almost half of such borrowers were delinquent in the mid-1990s, and the agency wrote off \$15 billion in bad farm loans between 1989 and 1996. A 2006 USDA study found that half of the subsidized farm loans granted in 2000 had defaulted at least once by 2004, and that vast numbers of loan recipients simply gave up farming. It is hard to understand how government wronged anyone by not providing the financial steroids that would have led many to ruin.

Besides, many of the claims that the USDA is recognizing now have little in common with the average American's understanding of discrimination. Some female farmers claim victimhood because, after they defaulted on one government loan, the USDA denied them another loan to try again.

The real problem with federal farm loans is that they are prejudiced against common sense and sound business practices. There is no shortage of commercial loans nowadays for competent, credit-worthy farmers. USDA loan programs exist solely to let Congress steer capital to politically favored applicants. The fact that the loans often leave recipients worse off is irrelevant as long as congressmen reap campaign contributions and votes from many beneficiaries.

What do taxpayers owe to groups of people who did not receive subsidized loans that nobody deserved? Is the USDA supposed to operate like the National Endowment for the Arts and give everybody a tractor so they can express themselves? If the Obama administration wants to advance justice, it would abolish farm-loan programs and stop letting politicians pick winners and losers in rural America.

*Mr. Bovard is the author, most recently, of a new e-book memoir, "Public Policy Hooligan."*

*A version of this article appeared March 21, 2013, on page A15 in the U.S. edition of The Wall Street Journal, with the headline: Rotten Tomatoes for a Billion-Dollar Farm Payout.*

Copyright 2012 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)